

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN ASSEMBLY JUNE 5, 2014

**SENATE BILL**

**No. 1247**

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**Introduced by Senator Lieu**

(Principal coauthor: Assembly Member Bonilla)

February 20, 2014

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An act to amend Section 27 of the Business and Professions Code, to amend Sections 94800.5, 94801, 94802, 94804, 94808, 94809, 94809.5, 94813, 94816, 94829, 94837, 94838, 94847, 94861, 94874, 94874.1, 94874.7, 94874.8, 94875, 94876, 94877, 94878, 94879, 94881, 94882, 94883, 94884, 94885, 94887, 94888, 94890, 94891, 94892, 94893, 94895, 94896, 94897, 94898, 94900.7, 94904, 94909, 94910, 94911, 94913, 94920, 94921, 94923, 94924, 94926, 94927, 94927.5, 94928, 94929, 94929.5, 94929.7, 94929.8, 94930, 94930.5, 94931.5, 94932, 94932.5, 94933, 94933.5, 94934, 94935, 94936, 94937, 94938, 94939, 94941, 94942, 94943, 94943.5, 94944, 94944.5, 94944.6, 94945, 94948, and 94950 of, to amend the heading of Article 5 (commencing with Section 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of, to add Sections 94818.5, 94874.2, and 94875.5 to, to add and repeal Section 94929.9 of, to repeal Sections 94805, 94820, and 94833 of, and to repeal and add Sections 94803, 94880, and 94949 of, the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1247, as amended, Lieu. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides for the regulation of private postsecondary educational institutions by the Bureau for Private Postsecondary Education in the Department of Consumer Affairs. The act exempts an institution from its provisions, if any of a list of specific criteria are met.

This bill would recast and revise various provisions of the act. The bill would establish the Board for Private Postsecondary Education as a successor agency to the bureau on July 1, 2015. The bill would remove the exemption from its provisions for an institution that is approved to participate in veterans financial aid programs pursuant to a specified federal law, and that is not an independent institution of higher education, thereby making the act applicable to the institution.

The bill would require the board, beginning July 1, 2015, to, among other things, contract with the Office of the Attorney General, or other appropriate state agency, to establish a process for board staff to be trained to investigate complaints filed with the board, post specified information on its Internet Web site, establish a task force to identify standards for specified educational and training programs and provide a report to the Legislature regarding those programs, adopt minimum operating standards for an institution that ensure, among other things, that an institution offering a degree is accredited and that an unaccredited institution offering a degree satisfies certain requirements, and establish application processing goals and timelines to ensure that an institution's approval to operate application is promptly reviewed by the board. The bill would require the board to submit a report to the Legislature, on or before October 1, 2015, on whether data reporting and disclosure requirements under the act may be consolidated with reporting required by other federal and state regulatory bodies, to submit a report to the Legislature relating to an independent review of its staffing resources, and to contract with the Office of the Attorney General for investigative and prosecutorial services ~~if certain conditions are satisfied~~. *the board has reason to believe that an institution has engaged in a pattern or practice of violating the provisions of this act or any other applicable law.*

The bill would make other technical and conforming changes.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the

moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would require those regulations to ensure that students are eligible for payment from the fund in specified circumstances.

Existing law repeals that act on January 1, 2015.

This bill would instead repeal that act on January 1, 2017, thus extending the operation of the act by 2 years.

By extending the operation of the Student Tuition Recovery Fund, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 27 of the Business and Professions Code  
2     is amended to read:  
3     27. (a) Each entity specified in subdivisions (c), (d), and (e)  
4     shall provide on the Internet information regarding the status of  
5     every license issued by that entity in accordance with the California  
6     Public Records Act (Chapter 3.5 (commencing with Section 6250)  
7     of Division 7 of Title 1 of the Government Code) and the  
8     Information Practices Act of 1977 (Chapter 1 (commencing with  
9     Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).  
10    The public information to be provided on the Internet shall include  
11    information on suspensions and revocations of licenses issued by  
12    the entity and other related enforcement action, including  
13    accusations filed pursuant to the Administrative Procedure Act  
14    (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
15    Division 3 of Title 2 of the Government Code) taken by the entity  
16    relative to persons, businesses, or facilities subject to licensure or  
17    regulation by the entity. The information may not include personal

1 information, including home telephone number, date of birth, or  
2 social security number. Each entity shall disclose a licensee's  
3 address of record. However, each entity shall allow a licensee to  
4 provide a post office box number or other alternate address, instead  
5 of his or her home address, as the address of record. This section  
6 shall not preclude an entity from also requiring a licensee, who  
7 has provided a post office box number or other alternative mailing  
8 address as his or her address of record, to provide a physical  
9 business address or residence address only for the entity's internal  
10 administrative use and not for disclosure as the licensee's address  
11 of record or disclosure on the Internet.

12 (b) In providing information on the Internet, each entity specified  
13 in subdivisions (c) and (d) shall comply with the Department of  
14 Consumer Affairs ~~Guidelines for Access to Public Records Act~~  
15 *Guidelines*.

16 (c) Each of the following entities within the Department of  
17 Consumer Affairs shall comply with the requirements of this  
18 section:

19 (1) The Board for Professional Engineers, Land Surveyors, and  
20 Geologists shall disclose information on its registrants and  
21 licensees.

22 (2) The Bureau of Automotive Repair shall disclose information  
23 on its licensees, including auto repair dealers, smog stations, lamp  
24 and brake stations, smog check technicians, and smog inspection  
25 certification stations.

26 (3) The Bureau of Electronic and Appliance Repair, Home  
27 Furnishings, and Thermal Insulation shall disclose information on  
28 its licensees and registrants, including major appliance repair  
29 dealers, combination dealers (electronic and appliance), electronic  
30 repair dealers, service contract sellers, and service contract  
31 administrators.

32 (4) The Cemetery and Funeral Bureau shall disclose information  
33 on its licensees, including cemetery brokers, cemetery salespersons,  
34 cemetery managers, crematory managers, cemetery authorities,  
35 crematories, cremated remains disposers, embalmers, funeral  
36 establishments, and funeral directors.

37 (5) The Professional Fiduciaries Bureau shall disclose  
38 information on its licensees.

39 (6) The Contractors' State License Board shall disclose  
40 information on its licensees and registrants in accordance with

1 Chapter 9 (commencing with Section 7000) of Division 3. In  
2 addition to information related to licenses as specified in  
3 subdivision (a), the board shall also disclose information provided  
4 to the board by the Labor Commissioner pursuant to Section 98.9  
5 of the Labor Code.

6 (7) The Board for Private Postsecondary Education shall disclose  
7 information on private postsecondary institutions under its  
8 jurisdiction, including disclosure of notices to comply issued  
9 pursuant to Section 94935 of the Education Code.

10 (8) The California Board of Accountancy shall disclose  
11 information on its licensees and registrants.

12 (9) The California Architects Board shall disclose information  
13 on its licensees, including architects and landscape architects.

14 (10) The State Athletic Commission shall disclose information  
15 on its licensees and registrants.

16 (11) The State Board of Barbering and Cosmetology shall  
17 disclose information on its licensees.

18 (12) The State Board of Guide Dogs for the Blind shall disclose  
19 information on its licensees and registrants.

20 (13) The Acupuncture Board shall disclose information on its  
21 licensees.

22 (14) The Board of Behavioral Sciences shall disclose  
23 information on its licensees, including marriage and family  
24 therapists, licensed clinical social workers, licensed educational  
25 psychologists, and licensed professional clinical counselors.

26 (15) The Dental Board of California shall disclose information  
27 on its licensees.

28 (16) The State Board of Optometry shall disclose information  
29 regarding certificates of registration to practice optometry,  
30 statements of licensure, optometric corporation registrations, branch  
31 office licenses, and fictitious name permits of its licensees.

32 (17) The Board of Psychology shall disclose information on its  
33 licensees, including psychologists, psychological assistants, and  
34 registered psychologists.

35 (d) The State Board of Chiropractic Examiners shall disclose  
36 information on its licensees.

37 (e) The Structural Pest Control Board shall disclose information  
38 on its licensees, including applicators, field representatives, and  
39 operators in the areas of fumigation, general pest and wood

1 destroying pests and organisms, and wood roof cleaning and  
2 treatment.

3 (f) “Internet” for the purposes of this section has the meaning  
4 set forth in paragraph (6) of subdivision (f) of Section 17538.

5 SEC. 2. Section 94800.5 of the Education Code is amended to  
6 read:

7 94800.5. Whenever a reference is made to the former Private  
8 Postsecondary Education and Student Protection Act, the former  
9 Private Postsecondary and Vocational Education Reform Act of  
10 1989, or the former Chapter 7 (commencing with Section 94700)  
11 of Part 59 of Division 10 of Title 3 of the Education Code, as it  
12 read on June 30, 2007, by the provisions of any statute or  
13 regulation, it shall be construed as referring to the provisions of  
14 this chapter. Whenever a reference is made to the former Bureau  
15 for Private Postsecondary and Vocational Education, or the Bureau  
16 for Private Postsecondary Education, by the provisions of any  
17 statute or regulation, after July 1, 2015, it shall be construed as  
18 referring to the Board for Private Postsecondary Education.

19 SEC. 3. Section 94801 of the Education Code is amended to  
20 read:

21 94801. The Legislature finds and declares all of the following:

22 (a) In 2013, more than 300,000 Californians attended more than  
23 1,100 private postsecondary schools in California.

24 (b) Private postsecondary schools can complement the public  
25 education system and help develop a trained workforce to meet  
26 the demands of California businesses and the economy; however,  
27 concerns about the value of degrees and diplomas issued by private  
28 postsecondary schools, and the lack of protections for private  
29 postsecondary school students and consumers of those schools’  
30 services, have highlighted the need for strong state-level oversight  
31 of private postsecondary schools.

32 (c) Numerous reports and studies have concluded that  
33 California’s previous attempts at regulatory oversight of private  
34 postsecondary schools have consistently failed to ensure student  
35 protections or provide effective oversight of private postsecondary  
36 schools.

37 (d) It is the intent of the Legislature in establishing the Board  
38 for Private Postsecondary Education for two years to ensure all of  
39 the following:

1 (1) Minimum educational quality standards and opportunities  
2 for success for California students attending private postsecondary  
3 schools in California.

4 (2) Meaningful student protections through essential avenues  
5 of recourse for students.

6 (3) A regulatory structure that provides for an appropriate level  
7 of oversight.

8 (4) A regulatory governance structure that ensures that all  
9 stakeholders have a voice and are heard in policymaking by the  
10 board.

11 (5) A regulatory governance structure that provides for  
12 accountability and oversight by the Legislature through program  
13 monitoring and periodic reports.

14 (6) Prevention of the deception of the public that results from  
15 conferring, and use of, fraudulent or substandard degrees.

16 (e) The Legislature advises future policymakers to continually  
17 and carefully evaluate this chapter and its administration and  
18 enforcement. Where there are deficiencies in the law or regulatory  
19 oversight, the Governor and the Legislature should act quickly to  
20 correct them.

21 SEC. 4. Section 94802 of the Education Code is amended to  
22 read:

23 94802. (a) An institution that had a valid approval to operate  
24 on June 30, 2007, issued by the former Bureau for Private  
25 Postsecondary and Vocational Education pursuant to former  
26 Chapter 7 (commencing with Section 94700) of Part 59 of Division  
27 10 of Title 3 of the Education Code, as it read on June 30, 2007,  
28 shall maintain that approval under this chapter. For the purposes  
29 of this chapter, the approval to operate shall be valid for three  
30 calendar years after the expiration date of the approval, as it read  
31 on June 30, 2007.

32 (b) An institution that had a valid approval to operate on  
33 December 31, 2014, issued by the Bureau for Private Postsecondary  
34 Education pursuant to this chapter, as it read on December 31,  
35 2014, shall maintain that approval through the expiration date of  
36 the approval, as it read on December 31, 2014, unless the approval  
37 is suspended or revoked by the board.

38 SEC. 5. Section 94803 of the Education Code is repealed.

39 SEC. 6. Section 94803 is added to the Education Code, to read:

1 94803. (a) The regulations adopted under this chapter, as it  
2 read on December 31, 2014, shall remain in effect until such time  
3 as the board amends or repeals them.

4 (b) Commencing July 1, 2015, any reference in the regulations  
5 that refer to the authority of the Director shall be deemed to refer  
6 to the board or, if the board so designates, the executive officer.

7 SEC. 7. Section 94804 of the Education Code is amended to  
8 read:

9 94804. (a) Each unresolved matter submitted to the former  
10 Bureau for Private Postsecondary and Vocational Education prior  
11 to July 1, 2007, and to the former Bureau for Private Postsecondary  
12 Education prior to January 1, 2015, shall be deemed to remain  
13 pending before the board irrespective of any applicable deadlines.  
14 With respect to any deadline applicable to a pending matter, no  
15 time shall be deemed to have elapsed from July 1, 2007, to January  
16 1, 2010, inclusive.

17 (1) For the purposes of this subdivision, “matter” includes, but  
18 is not limited to, an appeal, a complaint, a claim, an evaluation, a  
19 hearing, or an investigation.

20 (2) For the purposes of this subdivision, “matter” does not  
21 include a Student Tuition Recovery Fund claim.

22 (b) Student complaints submitted prior to January 1, 2015, shall  
23 continue to be duly recorded and investigated by the board.

24 SEC. 8. Section 94805 of the Education Code is repealed.

25 SEC. 9. Section 94808 of the Education Code is amended to  
26 read:

27 94808. (a) Any Student Tuition Recovery Fund claims received  
28 by the former Bureau for Private Postsecondary and Vocational  
29 Education or the Bureau for Private Postsecondary Education prior  
30 to January 1, 2015, that were not processed, shall be processed by  
31 the board.

32 (b) The student’s right to recovery from the Student Tuition  
33 Recovery Fund shall be based on the law that was in effect when  
34 the student enrolled and a fee for the fund was charged as a part  
35 of tuition costs, even though that law has become inoperative, been  
36 repealed, or otherwise expired.

37 SEC. 10. Section 94809 of the Education Code is amended to  
38 read:

39 94809. (a) (1) An institution that had an application for an  
40 approval to operate pending with the former Bureau for Private



1 Postsecondary and Vocational Education on June 30, 2007, and  
2 submitted an application for approval to operate to the Bureau for  
3 Private Postsecondary Education, may continue to operate until a  
4 decision is made in regard to the institution regarding the  
5 application for approval to operate, but shall comply with, and is  
6 subject to, this chapter.

7 (b) An institution that did not have a valid approval to operate  
8 issued by, and did not have an application for approval to operate  
9 pending with, the former Bureau for Private Postsecondary and  
10 Vocational Education on June 30, 2007, that began operations  
11 between July 1, 2007, and January 1, 2010, may continue to operate  
12 unless a denial of approval to operate has been issued and has  
13 become final, but shall comply with, and is subject to, this chapter.

14 (c) Students seeking to enroll in institutions operating under  
15 subdivisions (a) and (b) shall be notified by the institution, in  
16 writing and prior to executing an enrollment agreement, that the  
17 institution's application for approval to operate has not been  
18 reviewed by the board.

19 (d) (1) An institution that is denied an approval to operate  
20 pursuant to subdivision (a) or (b) may file an appeal pursuant to  
21 the procedures established in Section 94888.

22 (2) An institution that has filed an appeal may continue to  
23 operate during the appeal process but must disclose in a written  
24 statement approved by the board, ~~to the public and~~ all current and  
25 prospective students, that the institution's application for approval  
26 to operate was denied by the board because the board has  
27 determined the application did not satisfy ~~minimum requirements~~  
28 ~~for educational capacity; the requirements to operate in California,~~  
29 that the institution is appealing the board's decision, and that the  
30 loss of the appeal may result in the institution's closure.

31 (3) If the board determines that the continued operation of an  
32 institution poses a significant risk of harm to students, the board  
33 shall make an emergency decision pursuant to Section 94938.

34 SEC. 11. Section 94809.5 of the Education Code is amended  
35 to read:

36 94809.5. Notwithstanding any other provision of law:

37 (a) For any claims that a student had based on a violation of the  
38 Private Postsecondary and Vocational Education Reform Act of  
39 1989 on or before June 30, 2007, the period of time from June 30,  
40 2007, to December 31, 2009, inclusive, shall be excluded in

1 determining the deadline or the statute of limitation for filing any  
2 claim with the board or a lawsuit based on any claim.

3 (b) All claims described in subdivision (a), except claims to the  
4 Student Tuition Recovery Fund, including those contained in a  
5 lawsuit or other legal action, shall be determined or adjudicated  
6 based on the law that was in effect when the violations or events  
7 took place, even though those provisions have become inoperative,  
8 been repealed, or otherwise expired.

9 SEC. 12. Section 94813 of the Education Code is amended to  
10 read:

11 94813. "Accredited" means an institution is accredited by an  
12 accrediting agency recognized by the United States Department  
13 of Education.

14 SEC. 13. Section 94816 of the Education Code is amended to  
15 read:

16 94816. "Applicant" means an institution that has submitted an  
17 application to the board for an approval to operate or for a renewal  
18 of an approval to operate. An applicant shall be the owner of an  
19 institution. Approvals to operate shall be issued to applicants, and  
20 those approvals mean that the recipient institutions are authorized  
21 or licensed by the board to operate in California through the  
22 expiration date of the approval.

23 SEC. 14. Section 94818.5 is added to the Business and  
24 Professions Code, to read:

25 94818.5. "Board" means the Board for Private Postsecondary  
26 Education.

27 SEC. 15. Section 94820 of the Education Code is repealed.

28 SEC. 16. Section 94829 of the Education Code is amended to  
29 read:

30 94829. "Default" means failure of a borrower and endorser, if  
31 any, to make an installment payment for a loan received under the  
32 federal student financial aid programs when due, or to meet other  
33 terms of the promissory note, provided that this failure persists for  
34 270 days if payment is due monthly or 360 days if payment is due  
35 less frequently. For purposes of this section, "endorser" means an  
36 individual who signs a promissory note and agrees to repay the  
37 loan in the event that the borrower does not.

38 SEC. 17. Section 94833 of the Education Code is repealed.

39 SEC. 18. Section 94837 of the Education Code is amended to  
40 read:

1 94837. “Educational program” means a planned sequence  
2 composed of a single course or module, or set of related courses  
3 or modules, that provides the education, training, skills, and  
4 experience leading to the award of a recognized educational  
5 credential such as a document of completion, degree, or diploma.

6 SEC. 19. Section 94838 of the Education Code is amended to  
7 read:

8 94838. “Educational program approval” means authorization  
9 by the board, another government agency of this state, or a federal  
10 government agency, to provide educational programs, and is an  
11 element of an approval to operate.

12 SEC. 20. Section 94847 of the Education Code is amended to  
13 read:

14 94847. “License and examination preparation” means  
15 instruction designed to assist students to prepare for an examination  
16 for licensure. “License and examination preparation” does not  
17 include an educational program designed to instruct students in  
18 the field of the licensure examination.

19 SEC. 21. Section 94861 of the Education Code is amended to  
20 read:

21 94861. “Reporting period” means the institution’s fiscal year  
22 or any yearly period designated by the board to be covered in the  
23 institution’s annual report.

24 SEC. 22. Section 94874 of the Education Code is amended to  
25 read:

26 94874. Except as provided in Section 94874.2, the following  
27 are exempt from this chapter:

28 (a) An institution that offers solely avocational or recreational  
29 educational programs.

30 (b) An institution offering educational programs sponsored by  
31 a bona fide trade, business, professional, or fraternal organization,  
32 solely for that organization’s membership.

33 (c) A postsecondary educational institution established, operated,  
34 and governed by the federal government or by this state or its  
35 political subdivisions.

36 (d) An institution offering either of the following:

37 (1) Test preparation for examinations required for admission to  
38 a postsecondary educational institution.

(2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:

(A) A government agency, other than the board, that licenses persons in a particular profession, occupation, trade, or career field.

(B) A state-recognized professional licensing body, such as the State Bar of California, that licenses persons in a particular profession, occupation, trade, or career field.

(C) A bona fide trade, business, or professional organization.

(e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:

(A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of Business and Professions Code.

(B) The diploma or degree is limited to evidence of completion of that education.

(2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.

(3) An institution operating under this subdivision shall not award degrees in any area of physical science.

(4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.

(5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."

(f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The board may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its Internet Web site, as the board determines, through

1 the promulgation of regulations, that the adjustment is consistent  
2 with the intent of this chapter.

3 (g) A law school that is accredited by the Council of the Section  
4 of Legal Education and Admissions to the Bar of the American  
5 Bar Association or a law school or law study program that is  
6 subject to the approval, regulation, and oversight of the Committee  
7 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the  
8 Business and Professions Code.

9 (h) A nonprofit public benefit corporation that satisfies all of  
10 the following criteria:

11 (1) Is qualified under Section 501(c)(3) of the United States  
12 Internal Revenue Code.

13 (2) Is organized specifically to provide workforce development  
14 or rehabilitation services.

15 (3) Is accredited by an accrediting organization for workforce  
16 development or rehabilitation services recognized by the  
17 Department of Rehabilitation.

18 (i) An institution that is accredited by the Accrediting  
19 Commission for Senior Colleges and Universities, Western  
20 Association of Schools and Colleges, or the Accrediting  
21 Commission for Community and Junior Colleges, Western  
22 Association of Schools and Colleges.

23 (j) An institution that satisfies all of the following criteria:

24 (1) The institution has been accredited, for at least 10 years, by  
25 an accrediting agency that is recognized by the United States  
26 Department of Education.

27 (2) The institution has operated continuously in this state for at  
28 least 25 years.

29 (3) During its existence, the institution has not filed for  
30 bankruptcy protection pursuant to Title 11 of the United States  
31 Code.

32 (4) The institution's cohort default rate on guaranteed student  
33 loans does not exceed 10 percent for the most recent three years,  
34 as published by the United States Department of Education.

35 (5) The institution maintains a composite score of 1.5 or greater  
36 on its equity, primary reserve, and net income ratios, as provided  
37 under Section 668.172 of Title 34 of the Code of Federal  
38 Regulations.

1 (6) The institution provides a pro rata refund of unearned  
2 institutional charges to students who complete 75 percent or less  
3 of the period of attendance.

4 (7) The institution provides to all students the right to cancel  
5 the enrollment agreement and obtain a refund of charges paid  
6 through attendance at the second class session, or the 14th day  
7 after enrollment, whichever is later.

8 (8) The institution submits to the board copies of its most recent  
9 IRS Form 990, the institution's Integrated Postsecondary Education  
10 Data System Report of the United States Department of Education,  
11 and its accumulated default rate.

12 (9) The institution is incorporated and lawfully operates as a  
13 nonprofit public benefit corporation pursuant to Part 2  
14 (commencing with Section 5110) of Division 2 of Title 1 of the  
15 Corporations Code and is not managed or administered by an entity  
16 for profit.

17 (k) Flight instruction providers or programs that provide flight  
18 instruction pursuant to Federal Aviation Administration regulations  
19 and meet both of the following criteria:

20 (1) The flight instruction provider or program does not require  
21 students to enter into written or oral contracts of indebtedness.

22 (2) The flight instruction provider or program does not require  
23 or accept prepayment of instruction-related costs in excess of two  
24 thousand five hundred dollars (\$2,500).

25 SEC. 23. Section 94874.1 of the Education Code is amended  
26 to read:

27 94874.1. (a) Except as provided in Section 94874.2, an  
28 institution that is accredited by a regional accrediting agency that  
29 is recognized by the United States Department of Education, and  
30 is not an agency described in subdivision (i) of Section 94874, is  
31 exempt from this chapter, except Article 14 (commencing with  
32 Section 94923).

33 (b) This section shall remain in effect only until January 1, 2016,  
34 and as of that date is repealed, unless a later enacted statute, that  
35 is enacted before January 1, 2016, deletes or extends that date.

36 SEC. 24. Section 94874.2 is added to the Education Code, to  
37 read:

38 94874.2. An institution that is approved to participate in  
39 veterans' financial aid programs pursuant to Section 21.4253 of  
40 Title 38 of the Code of Federal Regulations that is not an

1 independent institution of higher education, as defined in  
2 subdivision (b) of Section 66010, may not claim an exemption  
3 from this chapter.

4 SEC. 25. Section 94874.7 of the Education Code is amended  
5 to read:

6 94874.7. The board shall establish, by regulation, a process  
7 pursuant to which an institution that is exempt from this chapter  
8 may request, and obtain, from the board verification that the  
9 institution is exempt. The board shall establish a reasonable fee to  
10 reimburse the board's costs associated with the implementation  
11 of this section.

12 SEC. 26. Section 94874.8 of the Education Code is amended  
13 to read:

14 94874.8. (a) An institution exempt from all or part of this  
15 chapter pursuant to subdivision (i) or (j) of Section 94874 or  
16 Section 94874.1 may apply to the board for an approval to operate  
17 pursuant to this section, but only subject to all of the following  
18 provisions:

19 (1) The board may approve the operation of an institution that  
20 is exempt from all or part of this chapter as specified above in  
21 accordance with the authority granted pursuant to Article 6  
22 (commencing with Section 94885). Upon issuing an approval to  
23 operate to an institution pursuant to this section, the board is  
24 authorized to regulate that institution through the full set of powers  
25 granted, and duties imposed, by this chapter, as those powers and  
26 duties would apply to an institution that is not exempt from this  
27 chapter.

28 (2) Notwithstanding any other law, upon issuance of an approval  
29 to operate pursuant to this section, the institution is no longer  
30 eligible for exemption, from the provisions of this chapter pursuant  
31 to subdivision (i) or (j) of Section 94874 or Section 94874.1, unless  
32 authorized by subsequent legislation.

33 (3) Upon issuance of an approval to operate pursuant to this  
34 section, an institution is subject to all provisions of this chapter,  
35 and any regulations adopted pursuant to this chapter, that apply to  
36 an institution subject to this chapter, except as expressly provided  
37 in paragraph (4).

38 (4) (A) With respect to the placement and salary or wage data  
39 required to be collected, calculated, and reported by Article 16  
40 (commencing with Section 94928), an institution issued an

1 approval to operate pursuant to this section is not required to report  
2 on its first School Performance Fact Sheet any data from the period  
3 prior to the date of the issuance of the approval to operate that the  
4 institution was not required to collect and does not have available  
5 to it. An institution shall, however, report available data collected  
6 and calculated in accordance with this chapter and applicable  
7 regulations, regardless of the purpose for which the data was  
8 collected. If the required data is unavailable, the institution shall  
9 also disclose the unavailability of the data on all documents  
10 required by this chapter and regulations adopted pursuant to this  
11 chapter. Upon receiving an approval to operate pursuant to this  
12 section, an institution shall commence to collect and calculate all  
13 information necessary to comply with Article 16 (commencing  
14 with Section 94928).

15 (B) An institution receiving an approval to operate pursuant to  
16 this section shall provide to prospective students the School  
17 Performance Fact Sheet, file that fact sheet with the board, and  
18 post it on the institution's Internet Web site no later than the first  
19 August 1 after the institution is approved to operate or by a date  
20 set by the board for institutions generally. These School  
21 Performance Fact Sheets shall report data for the previous two  
22 calendar years based upon the number of students who began the  
23 program or the number of graduates for each reported calendar  
24 year. If two calendar years have not passed since the issuance of  
25 the approval to operate by the August 1 deadline for the School  
26 Performance Fact Sheet, unless data for two years is available, the  
27 institution shall report the required data for the period subsequent  
28 to the date of the issuance of the notice of approval.

29 (b) An institution exempt from all or part of this chapter pursuant  
30 to subdivision (i) or (j) of Section 94874 or Section 94874.1 that  
31 was approved to operate by the board before the effective date of  
32 this section shall be deemed to have been approved pursuant to  
33 this section.

34 SEC. 27. The heading of Article 5 (commencing with Section  
35 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of the  
36 Education Code is amended to read:

37  
38 Article 5. Board Powers and Duties  
39



1 SEC. 28. Section 94875 of the Education Code is amended to  
2 read:

3 94875. (a) The board shall regulate private postsecondary  
4 educational institutions through the powers granted, and duties  
5 imposed, by this chapter. In exercising its powers, and performing  
6 its duties, the protection of the public shall be the board's highest  
7 priority. If protection of the public is inconsistent with other  
8 interests sought to be promoted, the protection of the public shall  
9 be paramount. The board shall consist of 11 members appointed  
10 as follows:

11 (1) Three members, who shall have a demonstrated record of  
12 advocacy on behalf of consumers, one appointed by the Governor,  
13 one by the Senate Committee on Rules, and one by the Speaker  
14 of the Assembly.

15 (2) Two members, who shall be current or former students of  
16 institutions, appointed by the Governor, *subject to confirmation*  
17 *by the Senate Committee on Rules.*

18 (3) Three members, who shall be representatives of institutions,  
19 appointed by the Governor, *subject to confirmation by the Senate*  
20 *Committee on Rules.*

21 (4) Two public members with experience or expertise in  
22 postsecondary education, appointed by the Governor, *subject to*  
23 *confirmation by the Senate Committee on Rules.*

24 (5) One public member with knowledge or expertise in emerging  
25 fields of employment, appointed by the Governor, *subject to*  
26 *confirmation by the Senate Committee on Rules.*

27 (b) A person who was a member of the former Advisory  
28 Committee to the Bureau for Private Postsecondary Education,  
29 established pursuant to Section 94880, as that section read on  
30 January 1, 2014, is eligible to be appointed to the board pursuant  
31 to subdivision (a).

32 (c) *A public member appointed to the board pursuant to*  
33 *subdivision (a) shall not be affiliated with an institution.*

34 (d) *A majority of the board constitutes a quorum for the*  
35 *transaction of any business, for the performance of any duty, or*  
36 *for the exercise of any power of the board. A vacancy in the board*  
37 *does not impair the right of the remaining members to exercise all*  
38 *the powers of the board.*

39 SEC. 29. Section 94875.5 is added to the Education Code, to  
40 read:

1 94875.5. Notwithstanding any other provision of this chapter,  
2 the Bureau for Private Postsecondary Education shall continue in  
3 existence and administer the provisions of this chapter until July  
4 1, 2015. As of that date, the bureau shall cease operations, and the  
5 board shall assume all authority, including the powers, functions,  
6 and jurisdiction until then vested in the bureau. The board may  
7 enforce all disciplinary actions undertaken by the bureau. For the  
8 performance of these duties and exercise of these powers, the board  
9 shall have possession and control of all records, papers, offices,  
10 equipment, supplies, or other property, real or personal, held for  
11 the benefit of or use by the bureau. All regulations adopted by the  
12 bureau that were in effect on December 31, 2014, shall remain in  
13 effect until the board acts to amend or repeal those regulations.  
14 All licensing application forms in use on December 31, 2014, shall  
15 continue in use until such time as the board acts to amend those  
16 forms or provides for their elimination or replacement.

17 SEC. 30. Section 94876 of the Education Code is amended to  
18 read:

19 94876. (a) The executive officer of the board shall be appointed  
20 by the Governor, subject to confirmation by the Senate Committee  
21 on Rules, and is exempt from the State Civil Service Act pursuant  
22 to Part 2 (commencing with Section 18500) of Division 5 of Title  
23 2 of the Government Code.

24 (b) The executive officer of the board shall exercise the powers  
25 and perform the duties delegated by the board.

26 (c) *The executive officer shall be selected from a list of five*  
27 *candidates generated by the board.*

28 (d) *To assist the executive officer in the discharge of his or her*  
29 *duties, the board shall appoint three to five deputies, as deemed*  
30 *necessary by the board.*

31 SEC. 31. Section 94877 of the Education Code is amended to  
32 read:

33 94877. (a) The board shall adopt and shall enforce regulations  
34 to implement this chapter pursuant to the Administrative Procedure  
35 Act ~~in Chapter~~ (Chapter 3.5 (commencing with Section 11340)  
36 of Part 1 of Division 3 of Title 2 of the Government ~~Code~~ Code).

37 (b) The board shall develop and implement an enforcement  
38 program, pursuant to Article 18 (commencing with Section 94932)  
39 to implement this chapter. The enforcement program shall include  
40 a plan for investigating complaints filed with the board. The board

1 shall contract with the office of the Attorney General, or other  
2 appropriate state agency, to establish a process for the board's staff  
3 to be trained to investigate complaints, including, but not limited  
4 to, the information, evidence, and materials needed to process  
5 complaints. The training shall ensure the board's staff are equipped  
6 to review and verify the accuracy of the data contained in consumer  
7 disclosures, including, but not limited to, the School Performance  
8 Fact Sheet.

9 (c) The board shall establish a program to proactively identify  
10 unlicensed institutions, identify material or repeated violations of  
11 this chapter and regulations implementing this chapter, and take  
12 all appropriate legal action.

13 (d) The board shall, by January 1, 2016, initiate the process and  
14 procedures governing its approval or denial of applications for  
15 approval to operate in accordance with board regulations adopted  
16 pursuant to Section 94888, for every application pending as of  
17 January 1, 2015.

18 SEC. 32. Section 94878 of the Education Code is amended to  
19 read:

20 94878. (a) The board shall establish an Internet Web site that  
21 includes at least all of the following information:

22 (1) An explanation of the board's scope of authority.

23 (2) (A) A directory of approved institutions, and a link, if  
24 feasible, to the Internet Web site of each institution.

25 (B) For each institution, the directory shall be developed in a  
26 manner that allows the user to search by institution and shall  
27 include all of the following information:

28 (i) The status of the institution's approval to operate.

29 (ii) The information provided by the institutions including, but  
30 not limited to, the annual report, as required by Section 94934,  
31 including the school catalog and the Student Performance Fact  
32 Sheet. The Student Performance Fact Sheet shall be maintained  
33 on the directory for at least five years after the date of its  
34 submission to the board.

35 (iii) The disciplinary history of the institution, which shall  
36 include, but shall not be limited to, all of the following:

37 (I) Pending formal accusations filed by the board.

38 (II) Suspensions, revocations, citations, fines, infractions,  
39 probations, pending litigation filed by the board, and final  
40 judgments resulting from litigation filed by the board.

1 (III) Pending or final civil or criminal cases filed ~~in any state~~  
2 ~~by a state attorney general~~, *by the Attorney General*, a city attorney,  
3 *or a district attorney in this state*, or *filed in any state by an attorney*  
4 *general* or a federal regulatory or prosecutorial agency *if the case*  
5 *would be actionable under California or federal law*, of which the  
6 board has received notice.

7 (IV) Final administrative actions by the United State Department  
8 of Education, including orders requiring restitution to students.

9 (V) All disciplinary actions ordered by an accreditation agency,  
10 including any order to show cause, of which the board has received  
11 notice pursuant to Section 94934 or other information otherwise  
12 publicly available of which the board has received notice.

13 (b) The board shall maintain the Internet Web site described in  
14 subdivision (a). The board shall ensure that the information  
15 specified in subdivision (a) is kept current. The board shall update  
16 the Internet Web site at least annually, to coincide with the  
17 submission of annual reports by the institutions pursuant to Section  
18 94934.

19 (c) (1) The board shall post on its Internet Web site a list of all  
20 institutions that were denied approval to operate, after the denial  
21 is final, and describe in clear and conspicuous language the reason  
22 the institution was denied approval. The board shall include the  
23 statement provided in paragraph (2) on its Internet Web site.

24 (2) “The following institutions were denied approval to operate  
25 by the Board for Private Postsecondary Education for failing to  
26 satisfy the standards relating to educational quality, or consumer  
27 protection, or both. These unlicensed institutions are not operating  
28 in compliance with the law, and students are strongly discouraged  
29 from attending these institutions.”

30 SEC. 33. Section 94879 of the Education Code is amended to  
31 read:

32 94879. The board shall conduct an outreach program to  
33 secondary school students as well as prospective and current private  
34 postsecondary students, to provide them with information on how  
35 to best select a private postsecondary institution, how to enter into  
36 enrollment agreements, how to make informed decisions in the  
37 private postsecondary education marketplace, and how to contact  
38 the board for assistance. The board may accomplish the purposes  
39 of this section in cooperation with other federal, state, or local  
40 entities, or any combination of these entities.

1 SEC. 34. Section 94880 of the Education Code is repealed.

2 SEC. 35. Section 94880 is added to the Education Code, to  
3 read:

4 94880. (a) The board shall establish a task force to determine  
5 standards for educational and training programs specializing in  
6 innovative subject matters and instructing students in high-demand  
7 technology fields for which there is a demonstrated shortage of  
8 skilled employees. The members of the task force may include  
9 high technology employers, students of short-term focused high  
10 technology training programs, and providers of high technology  
11 training in subjects including, but not necessarily limited to,  
12 programming, software development, computer science, and  
13 coding.

14 (b) (1) The board shall provide a report to the Legislature  
15 regarding educational and training programs subject to subdivision  
16 (a), and the institutions offering those programs, no later than  
17 January 1, 2016. The report shall include the board's evaluation  
18 of all of the following:

19 (A) Whether students attending these institutions should receive  
20 certain disclosures prior to enrollment in a program.

21 (B) Whether the means of reporting student outcomes and the  
22 content of those reports are appropriate.

23 (C) Whether institutions that satisfy certain criteria should be  
24 regulated by the board and by this chapter.

25 (D) The steps the board and the state may take to promote the  
26 growth of high-quality training programs in skills for high  
27 technology occupations.

28 (2) (A) The requirement for submitting a report imposed under  
29 this subdivision is inoperative on January 1, 2019, pursuant to  
30 Section 10231.5 of the Government Code.

31 (B) A report to be submitted pursuant to this subdivision shall  
32 be submitted in compliance with Section 9795 of the Government  
33 Code.

34 SEC. 36. Section 94881 of the Education Code is amended to  
35 read:

36 94881. The board may conduct workshops to provide applicants  
37 and institutions information on application processes, compliance  
38 with this chapter, best practices for providing postsecondary  
39 educational programs, and other subjects concerning postsecondary  
40 education.

1 SEC. 37. Section 94882 of the Education Code is amended to  
2 read:

3 94882. The board may empanel visiting committees to assist  
4 in evaluating an institution's application for an approval to operate.  
5 The members of visiting committees shall serve at no expense to  
6 the state, except that the board may reimburse the members of  
7 visiting committees for actual travel and per diem expenses  
8 incurred during the evaluation. The board may seek reimbursement  
9 for the travel and per diem costs from the institution that is the  
10 subject of an evaluation.

11 SEC. 38. Section 94883 of the Education Code is amended to  
12 read:

13 94883. (a) Any individual serving on a visiting committee  
14 who provides information to the board, or its staff, in the course  
15 of evaluating any institution, or who testifies in any administrative  
16 hearing arising under this chapter, is entitled to a defense and  
17 indemnification in any action arising out of the information or  
18 testimony provided as if he or she were a public employee.

19 (b) Any defense and indemnification shall be solely with respect  
20 to the action pursuant to Article 4 (commencing with Section 825)  
21 of Chapter 1 of Part 2 of, and Part 7 (commencing with Section  
22 995) of Division 3.6 of Title 1 of, the Government Code.

23 SEC. 39. Section 94884 of the Education Code is amended to  
24 read:

25 94884. The board is subject to Section 27 of the Business and  
26 Professions Code.

27 SEC. 40. Section 94885 of the Education Code is amended to  
28 read:

29 94885. The board shall adopt by regulation minimum operating  
30 standards for an institution that shall reasonably ensure that all of  
31 the following occur:

32 (a) The content of each educational program can achieve its  
33 stated objective.

34 (b) The institution maintains specific written standards for  
35 student admissions for each educational program and those  
36 standards are related to the particular educational program.

37 (c) The facilities, instructional equipment, and materials are  
38 sufficient to enable students to achieve the educational program's  
39 goals.

1 (d) The institution maintains a withdrawal policy and provides  
2 refunds.

3 (e) The directors, administrators, and faculty are properly  
4 qualified.

5 (f) The institution is financially sound and capable of fulfilling  
6 its commitments to students.

7 (g) That, upon satisfactory completion of an educational  
8 program, the institution gives students a document signifying the  
9 degree or diploma awarded.

10 (h) Adequate records and standard transcripts are maintained  
11 and are available to students.

12 (i) The institution is maintained and operated in compliance  
13 with this chapter and all other applicable ordinances and laws.

14 (j) (1) An institution offering a degree is accredited by an  
15 accrediting agency recognized by the United States Department  
16 of Education.

17 (2) An unaccredited institution offering a degree that is approved  
18 to operate by the bureau as of January 1, 2015, shall have until  
19 January 1, 2016, to obtain and provide evidence of its candidacy  
20 or preaccreditation status with an accrediting agency recognized  
21 by the United States Department of Education, and to obtain and  
22 provide evidence of accreditation from that accrediting agency on  
23 or before January 1, 2017.

24 (3) The board may, upon the submission of sufficient evidence  
25 that an unaccredited institution is making strong progress toward  
26 obtaining accreditation pursuant to paragraph (2), extend the  
27 timeline for the institution beyond the timeline provided in  
28 paragraph (2).

29 SEC. 41. Section 94887 of the Education Code is amended to  
30 read:

31 94887. An approval to operate shall be granted only after an  
32 applicant has presented sufficient evidence to the board, and the  
33 board has independently verified the information provided by the  
34 applicant through site visits or other methods deemed appropriate  
35 by the board, that the applicant has the capacity to satisfy the  
36 minimum operating standards. The board shall deny an application  
37 for an approval to operate if the application does not satisfy those  
38 standards.

39 SEC. 42. Section 94888 of the Education Code is amended to  
40 read:

1 94888. (a) The board shall adopt by regulation both of the  
2 following:

3 (1) The process and procedures whereby an institution seeking  
4 approval to operate may apply for and obtain an approval to  
5 operate.

6 (2) The process and procedures governing the board's approval  
7 and denial of applications for approval to operate, including the  
8 process and procedures whereby an applicant for which an  
9 application has been denied may appeal that denial.

10 (b) The board shall, by regulation, establish both of the  
11 following:

12 (1) A process for issuing a notification of a denial of an approval  
13 to operate to an institution that submits an application for approval  
14 to operate and for which that application is denied. The notification  
15 of denial shall include a statement of reasons for the denial.

16 (2) Application processing goals and timelines to ensure an  
17 institution that has submitted a complete application for approval  
18 to operate has that application promptly reviewed for compliance  
19 within 30 days of board receipt of the application, or within an  
20 appropriate timeline as determined by the board. The timelines  
21 shall ensure that an institution that has submitted a complete and  
22 compliant application receives approval within 30 days of the  
23 application being deemed compliant by the board, or within an  
24 appropriate timeline as determined by the board.

25 SEC. 43. Section 94890 of the Education Code is amended to  
26 read:

27 94890. (a) (1) The board shall grant an institution that is  
28 accredited an approval to operate by means of its accreditation.

29 (2) The board shall adopt by regulation the process and  
30 procedures whereby an institution that is accredited may apply for  
31 and obtain an approval by means of that accreditation.

32 (b) The term of an approval to operate pursuant to this section  
33 shall be coterminous with the term of accreditation. Upon renewal  
34 of the institution's accreditation, the institution shall submit  
35 verification to the board, on a form provided by the board, that the  
36 institution's accreditation has been renewed.

37 (c) Institutions that are granted an approval to operate by means  
38 of the institution's accreditation shall comply with all other  
39 applicable requirements in this chapter.



1 SEC. 44. Section 94891 of the Education Code is amended to  
2 read:

3 94891. (a) The board shall adopt by regulation the process  
4 and procedures whereby an institution may obtain a renewal of an  
5 approval to operate.

6 (b) To be granted a renewal of an approval to operate, the  
7 institution shall demonstrate its continued capacity to meet the  
8 minimum operating standards.

9 (c) (1) An institution that is denied renewal of an approval to  
10 operate may file an appeal in accordance with the procedures  
11 established by the board pursuant to Section 94888.

12 (2) An institution that has filed an appeal of a denial of a renewal  
13 application may continue to operate during the appeal process, but  
14 must disclose in a written statement, approved by the board, to ~~the~~  
15 ~~public and~~ all current and prospective students, that the institution's  
16 application for renewal of approval to operate was denied by the  
17 board because the board determined the application did not satisfy  
18 ~~minimum requirements for educational capacity~~, *the requirements*  
19 *to operate in California*, that the institution is appealing the board's  
20 decision, and that the loss of the appeal may result in the  
21 institution's closure.

22 (3) If the board determines that the continued operation of the  
23 institution during the appeal process poses a significant risk of  
24 harm to students, the board shall make an emergency decision  
25 pursuant to its authority provided in Section 94938.

26 SEC. 45. Section 94892 of the Education Code is amended to  
27 read:

28 94892. If an agency of this state other than the board or of the  
29 federal government provides an approval to offer an educational  
30 program and the institution already has a valid approval to operate  
31 issued by the board, that agency's educational program approval  
32 may satisfy the requirements of this article without any further  
33 review by the board. The board may incorporate that educational  
34 program into the institution's approval to operate when the board  
35 receives documentation signifying the conferral of the educational  
36 program approval by that agency.

37 SEC. 46. Section 94893 of the Education Code is amended to  
38 read:

39 94893. If an institution intends to make a substantive change  
40 to its approval to operate, the institution shall receive prior

1 authorization from the board. Except as provided in subdivision  
2 (a) of Section 94896, if the institution makes the substantive change  
3 without prior board authorization, the institution's approval to  
4 operate may be suspended or revoked.

5 SEC. 47. Section 94895 of the Education Code is amended to  
6 read:

7 94895. The board shall adopt by regulation the process and  
8 procedures whereby an institution shall seek authorization for  
9 substantive changes to an approval to operate.

10 SEC. 48. Section 94896 of the Education Code is amended to  
11 read:

12 94896. (a) An institution that has been granted an approval to  
13 operate by means of accreditation shall only make a substantive  
14 change in accordance with the institution's accreditation standards.

15 (b) The institution shall notify the board of the substantive  
16 change on a form provided by the board.

17 SEC. 49. Section 94897 of the Education Code is amended to  
18 read:

19 94897. An institution shall not do any of the following:

20 (a) Use, or allow the use of, any reproduction or facsimile of  
21 the Great Seal of the State of California on a diploma.

22 (b) Promise or guarantee employment, or otherwise overstate  
23 the availability of jobs upon graduation.

24 (c) Advertise concerning job availability, degree of skill, or  
25 length of time required to learn a trade or skill unless the  
26 information is accurate and not misleading.

27 (d) Advertise, or indicate in promotional material, without  
28 including the fact that the educational programs are delivered by  
29 means of distance education if the educational programs are so  
30 delivered.

31 (e) Advertise, or indicate in promotional material, that the  
32 institution is accredited, unless the institution has been accredited  
33 by an accrediting agency.

34 (f) Solicit students for enrollment by causing an advertisement  
35 to be published in "help wanted" columns in a magazine,  
36 newspaper, or publication, or use "blind" advertising that fails to  
37 identify the institution.

38 (g) Offer to compensate a student to act as an agent of the  
39 institution with regard to the solicitation, referral, or recruitment  
40 of any person for enrollment in the institution, except that an

1 institution may award a token gift to a student for referring an  
2 individual, provided that the gift is not in the form of money, no  
3 more than one gift is provided annually to a student, and the gift's  
4 cost is not more than one hundred dollars (\$100).

5 (h) Pay any consideration to a person to induce that person to  
6 sign an enrollment agreement for an educational program.

7 (i) Use a name in any manner improperly implying any of the  
8 following:

9 (1) The institution is affiliated with any government agency,  
10 public or private corporation, agency, or association if it is not, in  
11 fact, thus affiliated.

12 (2) The institution is a public institution.

13 (3) The institution grants degrees, if the institution does not  
14 grant degrees.

15 (j) In any manner make an untrue or misleading change in, or  
16 untrue or misleading statement related to, a test score, grade or  
17 record of grades, attendance record, record indicating student  
18 completion, placement, employment, salaries, or financial  
19 information, including any of the following:

20 (1) A financial report filed with the board.

21 (2) Information or records relating to the student's eligibility  
22 for student financial aid at the institution.

23 (3) Any other record or document required by this chapter or  
24 by the board.

25 (k) Willfully falsify, destroy, or conceal any document of record  
26 while that document of record is required to be maintained by this  
27 chapter.

28 (l) Use the terms "approval," "approved," "approval to operate,"  
29 or "approved to operate" without stating clearly and conspicuously  
30 that approval to operate means compliance with state standards as  
31 set forth in this chapter. If the board has granted an institution  
32 approval to operate, the institution may indicate that the institution  
33 is "authorized," "licensed," or "licensed to operate," but may not  
34 state or imply either of the following:

35 (1) The institution or its educational programs are endorsed or  
36 recommended by the state or by the board.

37 (2) The approval to operate indicates that the institution exceeds  
38 minimum state standards as set forth in this chapter.

39 (m) Direct any individual to perform an act that violates this  
40 chapter, to refrain from reporting unlawful conduct to the board

1 or another government agency, or to engage in any unfair act to  
2 persuade a student not to complain to the board or another  
3 government agency.

4 (n) Compensate an employee involved in recruitment,  
5 enrollment, admissions, student attendance, or sales of educational  
6 materials to students on the basis of a commission, commission  
7 draw, bonus, quota, or other similar method related to the  
8 recruitment, enrollment, admissions, student attendance, or sales  
9 of educational materials to students, except as provided in  
10 paragraph (1) or (2):

11 (1) If the educational program is scheduled to be completed in  
12 90 days or less, the institution shall pay compensation related to  
13 a particular student only if that student completes the educational  
14 program.

15 (2) For institutions participating in the federal student financial  
16 aid programs, this subdivision shall not prevent the payment of  
17 compensation to those involved in recruitment, admissions, or the  
18 award of financial aid if those payments are in conformity with  
19 federal regulations governing an institution's participation in the  
20 federal student financial aid programs.

21 (o) Require a prospective student to provide personal contact  
22 information in order to obtain, from the institution's Internet Web  
23 site, educational program information that is required to be  
24 contained in the school catalog or any information required  
25 pursuant to the consumer information requirements of Title IV of  
26 the federal Higher Education Act of 1965, and any amendments  
27 thereto.

28 (p) Offer an associate, baccalaureate, master's, or doctoral  
29 degree without disclosing to prospective students prior to  
30 enrollment whether the institution or the degree program is  
31 unaccredited and any known limitation of the degree, including,  
32 but not limited to, all of the following:

33 (1) Whether a graduate of the degree program will be eligible  
34 to sit for the applicable licensure exam in California and other  
35 states.

36 (2) A statement that reads: "A degree program that is  
37 unaccredited or a degree from an unaccredited institution is not  
38 recognized for some employment positions, including, but not  
39 limited to, positions with the State of California."

1 (3) That a student enrolled in an unaccredited institution is not  
2 eligible for federal financial aid programs.

3 SEC. 50. Section 94898 of the Education Code is amended to  
4 read:

5 94898. (a) An institution shall not merge classes unless all of  
6 the students have received the same amount of instruction. This  
7 subdivision does not prevent the placement of students, who are  
8 enrolled in different educational programs, in the same class if that  
9 class is part of each of the educational programs and the placement  
10 in a merged class will not impair the students' learning of the  
11 subject matter of the class.

12 (b) After a student has enrolled in an educational program, the  
13 institution shall not do either of the following:

14 (1) Make any unscheduled suspension of any class unless caused  
15 by circumstances beyond the institution's control.

16 (2) Change the day or time during the period of attendance in  
17 which any class is offered to a day when the student is not  
18 scheduled to attend the institution or to a time that is outside of  
19 the range of time that the student is scheduled to attend the  
20 institution on the day for which the change is proposed unless at  
21 least 90 percent of the students who are enrolled consent to the  
22 change and the institution offers full refunds to the students who  
23 do not consent to the change. For the purpose of this paragraph,  
24 "range of time" means the period beginning with the time at which  
25 the student's first scheduled class session for the day is set to start  
26 and ending with the time the student's last scheduled class session  
27 for that day is set to finish.

28 (c) If an institution enrolls a student in an educational program  
29 that is conducted at a specific site at the time of enrollment, the  
30 institution shall not convert the educational program to another  
31 method of delivery, such as by means of distance education. This  
32 subdivision does not apply to an educational program that also  
33 includes a distance education component, if the student is notified  
34 during the enrollment process, in writing, that the program contains  
35 a distance education component.

36 (d) An institution shall not move the location of class instruction  
37 more than 25 miles from the location of instruction at the time of  
38 enrollment unless any of the following occur:

39 (1) The institution discloses in writing to each student before  
40 enrollment in the educational program that the location of

1 instruction will change after the educational program begins and  
2 the address of the new location.

3 (2) The institution applies for, and the board grants, approval  
4 to change the location. The board shall grant the application within  
5 60 days if the board, after notice to affected students and an  
6 opportunity for them to be heard as prescribed by the board,  
7 concludes that the change in location would not be unfair or unduly  
8 burdensome to students. The board may grant approval to change  
9 the location subject to reasonable conditions, such as requiring the  
10 institution to provide transportation, transportation costs, or refunds  
11 to adversely affected students.

12 (3) The institution offers a full refund to students enrolled in  
13 the educational program who do not voluntarily consent to the  
14 change.

15 (4) An unforeseeable and unavoidable circumstance outside of  
16 the control of the institution requires the change in the location of  
17 instruction.

18 SEC. 51. Section 94900.7 of the Education Code is amended  
19 to read:

20 94900.7. The recordkeeping requirements of this article shall  
21 not apply to an institution that is accredited, if the recordkeeping  
22 requirements of the accrediting organization are substantially  
23 similar to the recordkeeping requirements of this article, as  
24 determined by the board.

25 SEC. 52. Section 94904 of the Education Code is amended to  
26 read:

27 94904. (a) Before an ability-to-benefit student may execute  
28 an enrollment agreement, the institution shall have the student take  
29 an independently administered examination from the list of  
30 examinations prescribed as of July 1, 2012, by the United States  
31 Department of Education pursuant to Section 484(d) of the federal  
32 Higher Education Act of 1965 (20 U.S.C. Sec. 1070a et seq.). The  
33 student shall not enroll unless the student achieves a score, as  
34 specified by the United States Department of Education,  
35 demonstrating that the student may benefit from the education and  
36 training being offered.

37 (b) If the United States Department of Education does not have  
38 a list of relevant examinations that pertain to the intended  
39 occupational training, the board may publish its own list of  
40 acceptable examinations and required passing scores.

1 SEC. 53. Section 94909 of the Education Code is amended to  
2 read:

3 94909. (a) Prior to enrollment, an institution shall provide a  
4 prospective student, either in writing or electronically, with a  
5 school catalog containing, at a minimum, all of the following:

6 (1) The name, address, telephone number, and, if applicable,  
7 Internet Web site address of the institution.

8 (2) Except as specified in Article 2 (commencing with Section  
9 94802), a statement that the institution is a private institution and  
10 that it is approved to operate by the board.

11 (3) The following statements:

12 (A) "Any questions a student may have regarding this catalog  
13 that have not been satisfactorily answered by the institution may  
14 be directed to the Board for Private Postsecondary Education at  
15 (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
16 (telephone and fax numbers)."

17 (B) "As a prospective student, you are encouraged to review  
18 this catalog prior to signing an enrollment agreement. You are also  
19 encouraged to review the School Performance Fact Sheet, which  
20 must be provided to you prior to signing an enrollment agreement."

21 (C) "A student or any member of the public may file a complaint  
22 about this institution with the Board for Private Postsecondary  
23 Education by calling (toll-free telephone number) or by completing  
24 a complaint form, which can be obtained on the board's Internet  
25 Web site (Internet Web site address)."

26 (4) The address or addresses where class sessions will be held.

27 (5) A description of the programs offered and a description of  
28 the instruction provided in each of the courses offered by the  
29 institution, the requirements for completion of each program,  
30 including required courses, any final tests or examinations, any  
31 required internships or externships, and the total number of credit  
32 hours, clock hours, or other increments required for completion.

33 (6) If the educational program is designed to lead to positions  
34 in a profession, occupation, trade, or career field requiring licensure  
35 in this state, a notice to that effect and a list of the requirements  
36 for eligibility for licensure.

37 (7) Information regarding the faculty and their qualifications.

38 (8) A detailed description of institutional policies in the  
39 following areas:

1 (A) Admissions policies, including the institution's policies  
2 regarding the acceptance of credits earned at other institutions or  
3 through challenge examinations and achievement tests, admissions  
4 requirements for ability-to-benefit students, and a list describing  
5 any transfer or articulation agreements between the institution and  
6 any other college or university that provides for the transfer of  
7 credits earned in the program of instruction. If the institution has  
8 not entered into an articulation or transfer agreement with any  
9 other college or university, the institution shall disclose that fact.

10 (B) Cancellation, withdrawal, and refund policies, including an  
11 explanation that the student has the right to cancel the enrollment  
12 agreement and obtain a refund of charges paid through attendance  
13 at the first class session, or the seventh day after enrollment,  
14 whichever is later. The text shall also include a description of the  
15 procedures that a student is required to follow to cancel the  
16 enrollment agreement or withdraw from the institution and obtain  
17 a refund consistent with the requirements of Article 13  
18 (commencing with Section 94919).

19 (C) Probation and dismissal policies.

20 (D) Attendance policies.

21 (E) Leave-of-absence policies.

22 (9) The schedule of total charges for a period of attendance and  
23 an estimated schedule of total charges for the entire educational  
24 program.

25 (10) A statement reporting whether the institution participates  
26 in federal and state financial aid programs, and if so, all consumer  
27 information that is required to be disclosed to the student pursuant  
28 to the applicable federal and state financial aid programs.

29 (11) A statement specifying that, if a student obtains a loan to  
30 pay for an educational program, the student will have the  
31 responsibility to repay the full amount of the loan plus interest,  
32 less the amount of any refund, and that, if the student has received  
33 federal student financial aid funds, the student is entitled to a refund  
34 of the moneys not paid from federal student financial aid program  
35 funds.

36 (12) A statement specifying whether the institution has a pending  
37 petition in bankruptcy, is operating as a debtor in possession, has  
38 filed a petition within the preceding five years, or has had a petition  
39 in bankruptcy filed against it within the preceding five years that



1 resulted in reorganization under Chapter 11 of the United States  
2 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

3 (13) If the institution provides placement services, a description  
4 of the nature and extent of the placement services.

5 (14) A description of the student's rights and responsibilities  
6 with respect to the Student Tuition Recovery Fund. This statement  
7 shall specify that it is a state requirement that a student who pays  
8 his or her tuition is required to pay a state-imposed assessment for  
9 the Student Tuition Recovery Fund. This statement shall also  
10 describe the purpose and operation of the Student Tuition Recovery  
11 Fund and the requirements for filing a claim against the Student  
12 Tuition Recovery Fund.

13 (15) The following statement:

14  
15 “NOTICE CONCERNING TRANSFERABILITY OF  
16 CREDITS AND CREDENTIALS EARNED AT OUR  
17 INSTITUTION

18 The transferability of credits you earn at (name of institution)  
19 is at the complete discretion of an institution to which you  
20 may seek to transfer. Acceptance of the (degree, diploma, or  
21 certificate) you earn in (name of educational program) is also  
22 at the complete discretion of the institution to which you may  
23 seek to transfer. If the (credits or degree, diploma, or  
24 certificate) that you earn at this institution are not accepted at  
25 the institution to which you seek to transfer, you may be  
26 required to repeat some or all of your coursework at that  
27 institution. For this reason you should make certain that your  
28 attendance at this institution will meet your educational goals.  
29 This may include contacting an institution to which you may  
30 seek to transfer after attending (name of institution) to  
31 determine if your (credits or degree, diploma, or certificate)  
32 will transfer.”

33  
34 (16) A statement specifying whether the institution, or any of  
35 its degree programs, are accredited by an accrediting agency  
36 recognized by the United States Department of Education. If the  
37 institution is unaccredited and offers an associate, baccalaureate,  
38 master's, or doctoral degree, or is accredited and offers an  
39 unaccredited program for an associate, baccalaureate, master's, or  
40 doctoral degree, the statement shall disclose the known limitations

1 of the degree program, including, but not limited to, all of the  
2 following:

3 (A) Whether a graduate of the degree program will be eligible  
4 to sit for the applicable licensure exam in California and other  
5 states.

6 (B) A degree program that is unaccredited or a degree from an  
7 unaccredited institution is not recognized for some employment  
8 positions, including, but not limited to, positions with the State of  
9 California.

10 (C) That a student enrolled in an unaccredited institution is not  
11 eligible for federal financial aid programs.

12 (b) If the institution has a general student brochure, the  
13 institution shall provide that brochure to the prospective student  
14 prior to enrollment. In addition, if the institution has a  
15 program-specific student brochure for the program in which the  
16 prospective student seeks to enroll, the institution shall provide  
17 the program-specific student brochure to the prospective student  
18 prior to enrollment.

19 (c) An institution shall provide the school catalog to any person  
20 upon request. In addition, if the institution has student brochures,  
21 the institution shall disclose the requested brochures to any  
22 interested person upon request.

23 SEC. 54. Section 94910 of the Education Code is amended to  
24 read:

25 94910. Prior to enrollment, an institution shall provide a  
26 prospective student with a School Performance Fact Sheet  
27 containing, at a minimum, the following information, as it relates  
28 to the educational program:

29 (a) Completion rates, as calculated pursuant to Article 16  
30 (commencing with Section 94928).

31 (b) Placement rates for each educational program, as calculated  
32 pursuant to Article 16 (commencing with Section 94928), if the  
33 educational program is designed to lead to, or the institution makes  
34 any express or implied claim related to preparing students for, a  
35 recognized career, occupation, vocation, job, or job title.

36 (c) License examination passage rates for programs leading to  
37 employment for which passage of a state licensing examination is  
38 required, as calculated pursuant to Article 16 (commencing with  
39 Section 94928).

1 (d) Salary or wage information, as calculated pursuant to Article  
2 16 (commencing with Section 94928).

3 (e) If a program is too new to provide data for any of the  
4 categories listed in this subdivision, the institution shall state on  
5 its fact sheet: "This program is new. Therefore, the number of  
6 students who graduate, the number of students who are placed, or  
7 the starting salary you can earn after finishing the educational  
8 program are unknown at this time. Information regarding general  
9 salary and placement statistics may be available from government  
10 sources or from the institution, but is not equivalent to actual  
11 performance data."

12 (f) All of the following:

13 (1) A description of the manner in which the figures described  
14 in subdivisions (a) to (d), inclusive, are calculated or a statement  
15 informing the reader of where he or she may obtain a description  
16 of the manner in which the figures described in subdivisions (a)  
17 to (d), inclusive, are calculated.

18 (2) A statement informing the reader of where he or she may  
19 obtain from the institution a list of the employment positions  
20 determined to be within the field for which a student received  
21 education and training for the calculation of job placement rates  
22 as required by subdivision (b).

23 (3) A statement informing the reader of where he or she may  
24 obtain from the institution a list of the objective sources of  
25 information used to substantiate the salary disclosure as required  
26 by subdivision (d).

27 (g) The following statements:

28 (1) "This fact sheet is filed with the Board for Private  
29 Postsecondary Education. Regardless of any information you may  
30 have relating to completion rates, placement rates, starting salaries,  
31 or license exam passage rates, this fact sheet contains the  
32 information as calculated pursuant to state law."

33 (2) "Any questions a student may have regarding this fact sheet  
34 that have not been satisfactorily answered by the institution may  
35 be directed to the Board for Private Postsecondary Education at  
36 (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
37 (telephone and fax numbers)."

38 (h) If the institution participates in federal financial aid  
39 programs, the most recent three-year cohort default rate reported  
40 by the United States Department of Education for the institution

1 and the percentage of enrolled students receiving federal student  
2 loans.

3 SEC. 55. Section 94911 of the Education Code is amended to  
4 read:

5 94911. An enrollment agreement shall include, at a minimum,  
6 all of the following:

7 (a) The name of the institution and the name of the educational  
8 program, including the total number of credit hours, clock hours,  
9 or other increment required to complete the educational program.

10 (b) A schedule of total charges, including a list of any charges  
11 that are nonrefundable and the student's obligations to the Student  
12 Tuition Recovery Fund, clearly identified as nonrefundable  
13 charges.

14 (c) In underlined capital letters on the same page of the  
15 enrollment agreement in which the student's signature is required,  
16 the total charges for the current period of attendance, the estimated  
17 total charges for the entire educational program, and the total  
18 charges the student is obligated to pay upon enrollment.

19 (d) A clear and conspicuous statement that the enrollment  
20 agreement is legally binding when signed by the student and  
21 accepted by the institution.

22 (e) (1) A disclosure with a clear and conspicuous caption,  
23 "STUDENT'S RIGHT TO CANCEL," under which it is explained  
24 that the student has the right to cancel the enrollment agreement  
25 and obtain a refund of charges paid through attendance at the first  
26 class session, or the seventh day after enrollment, whichever is  
27 later.

28 (2) The disclosure shall contain the institution's refund policy  
29 and a statement that, if the student has received federal student  
30 financial aid funds, the student is entitled to a refund of moneys  
31 not paid from federal student financial aid program funds.

32 (3) The text shall also include a description of the procedures  
33 that a student is required to follow to cancel the enrollment  
34 agreement or withdraw from the institution and obtain a refund.

35 (f) A statement specifying that, if the student obtains a loan to  
36 pay for an educational program, the student will have the  
37 responsibility to repay the full amount of the loan plus interest,  
38 less the amount of any refund.

1 (g) A statement specifying that, if the student is eligible for a  
2 loan guaranteed by the federal or state government and the student  
3 defaults on the loan, both of the following may occur:

4 (1) The federal or state government or a loan guarantee agency  
5 may take action against the student, including applying any income  
6 tax refund to which the person is entitled to reduce the balance  
7 owed on the loan.

8 (2) The student may not be eligible for any other federal student  
9 financial aid at another institution or other government assistance  
10 until the loan is repaid.

11 (h) The transferability disclosure that is required to be included  
12 in the school catalog, as specified in paragraph (15) of subdivision  
13 (a) of Section 94909.

14 (i) (1) The following statement: “Prior to signing this enrollment  
15 agreement, you must be given a catalog or brochure and a School  
16 Performance Fact Sheet, which you are encouraged to review prior  
17 to signing this agreement. These documents contain important  
18 policies and performance data for this institution. This institution  
19 is required to have you sign and date the information included in  
20 the School Performance Fact Sheet relating to completion rates,  
21 placement rates, license examination passage rates, salaries or  
22 wages, and the most recent three-year cohort default rate, if  
23 applicable, prior to signing this agreement.”

24 (2) Immediately following the statement required by paragraph  
25 (1), a line for the student to initial, including the following  
26 statement: “I certify that I have received the catalog, School  
27 Performance Fact Sheet, and information regarding completion  
28 rates, placement rates, license examination passage rates, salary  
29 or wage information, and the most recent three-year cohort default  
30 rate, if applicable, included in the School Performance Fact Sheet,  
31 and have signed, initialed, and dated the information provided in  
32 the School Performance Fact Sheet.”

33 (j) The following statements:

34  
35 (1) “Any questions a student may have regarding this  
36 enrollment agreement that have not been satisfactorily  
37 answered by the institution may be directed to the Board for  
38 Private Postsecondary Education at (address), Sacramento,  
39 CA (ZIP Code), (Internet Web site address), (telephone and  
40 fax numbers).”

1  
2 (2) “A student or any member of the public may file a complaint  
3 about this institution with the Board for Private Postsecondary  
4 Education by calling (toll-free telephone number) or by completing  
5 a complaint form, which can be obtained on the board’s Internet  
6 Web site (Internet Web site address).”

7  
8 (k) The following statement above the space for the student’s  
9 signature:

10  
11 “I understand that this is a legally binding contract. My  
12 signature below certifies that I have read, understood, and  
13 agreed to my rights and responsibilities, and that the  
14 institution’s cancellation and refund policies have been clearly  
15 explained to me.”

16  
17 SEC. 56. Section 94913 of the Education Code is amended to  
18 read:

19 94913. (a) An institution that maintains an Internet Web site  
20 shall provide on that Internet Web site all of the following:

- 21 (1) The school catalog.  
22 (2) A School Performance Fact Sheet for each educational  
23 program offered by the institution.  
24 (3) Student brochures offered by the institution.  
25 (4) A link to the board’s Internet Web site.  
26 (5) The institution’s most recent annual report submitted to the  
27 board.

28 (b) An institution shall include information concerning where  
29 students may access the board’s Internet Web site anywhere the  
30 institution identifies itself as being approved by the board.

31 SEC. 57. Section 94920 of the Education Code is amended to  
32 read:

33 94920. An institution that does not participate in the federal  
34 student financial aid programs shall do all of the following:

- 35 (a) The institution shall advise each student that a notice of  
36 cancellation shall be in writing, and that a withdrawal may be  
37 effectuated by the student’s written notice or by the student’s  
38 conduct, including, but not necessarily limited to, a student’s lack  
39 of attendance.

1 (b) Institutions shall refund 100 percent of the amount paid for  
2 institutional charges, less a reasonable deposit or application fee  
3 not to exceed two hundred fifty dollars (\$250), if notice of  
4 cancellation is made through attendance at the first class session,  
5 or the seventh day after enrollment, whichever is later.

6 (c) The board may adopt by regulation a different method of  
7 calculation for instruction delivered by other means, including,  
8 but not necessarily limited to, distance education.

9 (d) The institution shall have a refund policy for the return of  
10 unearned institutional charges if the student cancels an enrollment  
11 agreement or withdraws during a period of attendance. The refund  
12 policy for students who have completed 60 percent or less of the  
13 period of attendance shall be a pro rata refund.

14 (e) The institution shall pay or credit refunds within 45 days of  
15 a student's cancellation or withdrawal.

16 SEC. 58. Section 94921 of the Education Code is amended to  
17 read:

18 94921. An institution offering an educational program for  
19 which the refund calculations set forth in this article cannot be  
20 utilized because of the unique way in which the educational  
21 program is structured, may petition the board for an alternative  
22 method of calculating tuition refunds.

23 SEC. 59. Section 94923 of the Education Code is amended to  
24 read:

25 94923. (a) The Student Tuition Recovery Fund relieves or  
26 mitigates economic loss suffered by a student while enrolled in an  
27 educational program at a nonexempt institution under Article 4  
28 (commencing with Section 94874), as a result of the institution's  
29 violation of law.

30 (b) The board shall adopt by regulation procedures governing  
31 the administration and maintenance of the Student Tuition  
32 Recovery Fund, including requirements relating to assessments  
33 on students and student claims against the Student Tuition  
34 Recovery Fund. The regulations shall provide for awards to  
35 students who suffer economic loss.

36 The regulations shall ensure that the following students, and any  
37 other students deemed appropriate, are eligible for payment from  
38 the Student Tuition Recovery Fund:

(1) In the event of a school closure, a student who attended the institution within 120 days of the closure, or within a different period prior to the closure as determined by the board.

(2) ~~Students~~ *A student* to whom an institution has been ordered to pay ~~refunds~~ *a refund* by the board but has failed to do so, *unless the student chose to participate in a teach-out plan approved by the board.*

(3) Students who have been awarded restitution, refunds, or monetary awards by an arbitrator or court, based on a violation of law, but who have been unable to collect the award from the institution. The board shall review the judgment to verify a violation of law, and shall ensure the amount of the award does not exceed the student's economic loss.

(4) Students whose programs have been discontinued at the campus they attend before they are able to complete the program.

(c) Students who suffered losses due to an institution's violation of this act, as determined by the board, shall be eligible for payment from the Student Tuition Recovery Fund.

(d) The board may seek repayment to the Student Tuition Recovery Fund from an institution found in violation of the law for which a student claim was paid.

(e) For purposes of this article, "economic loss" means pecuniary loss, which is the sum of the student's tuition, cost of equipment and materials required for the educational program as defined in Section 94837, and interest on any student loan used to pay for such charges, collection costs, and penalties. Economic loss shall also include the amount the institution collected and failed to pay to third parties on behalf of the student for license fees or any other purpose. Economic loss does not include Student Tuition Recovery Fund assessments, room and board, supplies, transportation, application fees, or nonpecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages.

SEC. 60. Section 94924 of the Education Code is amended to read:

94924. All assessments collected pursuant to this article shall be credited to the Student Tuition Recovery Fund, along with any accrued interest, for the purpose of this article. Notwithstanding Section 13340 of the Government Code, the moneys in the Student Tuition Recovery Fund are continuously appropriated to the board, without regard to fiscal year, for the purposes of this article.



1 SEC. 61. Section 94926 of the Education Code is amended to  
2 read:

3 94926. At least 30 days prior to closing, an institution shall  
4 notify the board in writing of its intention to close. The notice shall  
5 be accompanied by a closure plan, which shall include, but not  
6 necessarily be limited to, all of the following:

7 (a) A plan for providing teach-outs of educational programs,  
8 including any agreements with any other postsecondary educational  
9 institutions to provide teach-outs.

10 (b) If no teach-out plan is contemplated, or for students who do  
11 not wish to participate in a teach-out, arrangements for making  
12 refunds within 45 days from the date of closure, or for institutions  
13 that participate in federal student financial aid programs  
14 arrangements for making refunds and returning federal student  
15 financial aid program funds.

16 (c) If the institution is a participant in federal student financial  
17 aid programs, it shall provide students information concerning  
18 these programs and institutional closures.

19 (d) A plan for the disposition of student records.

20 SEC. 62. Section 94927 of the Education Code is amended to  
21 read:

22 94927. An institution shall be considered in default of the  
23 enrollment agreement when an educational program is discontinued  
24 or canceled or the institution closes prior to completion of the  
25 educational program. When an institution is in default, student  
26 institutional charges may be refunded on a pro rata basis if the  
27 board determines that the school has made provision for students  
28 enrolled at the time of default to complete a comparable educational  
29 program at another institution at no additional charge to the  
30 students beyond the amount of the total charges in the original  
31 enrollment agreement. If the institution does not make that  
32 provision, a total refund of all institutional charges shall be made  
33 to students.

34 SEC. 63. Section 94927.5 of the Education Code is amended  
35 to read:

36 94927.5. (a) Prior to closing, an institution shall provide the  
37 board with the following:

38 (1) Pertinent student records, including transcripts, as determined  
39 by the board, pursuant to regulations adopted by the board.

(2) If the institution is an accredited institution, a plan for the retention of records and transcripts, approved by the institution's accrediting agency, that provides information as to how a student may obtain a transcript or any other information about the student's coursework and degrees completed.

(b) Subdivision (a) applies to all private postsecondary institutions, including institutions that are otherwise exempt from this chapter pursuant to Article 4 (commencing with Section 94874).

SEC. 64. Section 94928 of the Education Code is amended to read:

94928. As used in this article, the following terms have the following meanings:

(a) "Cohort population" means the number of students that began a program on a cohort start date.

(b) "Cohort start date" means the first class day after the cancellation period during which a cohort of students attends class for a specific program.

(c) "Graduates" means the number of students who complete a program within 100 percent of the published program length. An institution may separately state completion information for students completing the program within 150 percent of the original contracted time, but that information may not replace completion information for students completing within the original scheduled time. Completion information shall be separately stated for each campus or branch of the institution.

(d) "Graduates available for employment" means the number of graduates minus the number of graduates unavailable for employment.

(e) (1) "Graduates employed in the field" means graduates who are gainfully employed in a single position for which the institution represents the program prepares its graduates within six months after a student completes the applicable educational program. For occupations for which the state requires passing an examination, the period of employment shall begin within six months of the announcement of the examination results for the first examination available after a student completes an applicable educational program.

(2) The board shall define by July 1, 2014, specific measures and standards for determining whether a student is gainfully

1 employed in a full-time or part-time position for which the  
2 institution represents the program prepares its graduates, including  
3 self-employment or conducting freelance work, and may set the  
4 standards for the hours per week and duration of employment and  
5 utilize any job classification methodology the board determines  
6 appropriate for this purpose, including, but not limited to, the  
7 United States Department of Labor's Standard Occupational  
8 Classification codes.

9 (3) This subdivision does not prohibit the board from authorizing  
10 an institution to aggregate single positions held by a graduate for  
11 purposes of meeting the hours per week standards established by  
12 the board.

13 (f) "Graduates unavailable for employment" means graduates  
14 who, after graduation, die, become incarcerated, are called to active  
15 military duty, are international students that leave the United States  
16 or do not have a visa allowing employment in the United States,  
17 or are continuing their education at an accredited or board-approved  
18 postsecondary institution.

19 (g) "Students available for graduation" means the cohort  
20 population minus the number of students unavailable for  
21 graduation.

22 (h) "Students unavailable for graduation" means students who  
23 have died, been incarcerated, or called to active military duty.

24 SEC. 65. Section 94929 of the Education Code is amended to  
25 read:

26 94929. (a) An institution shall annually report to the board,  
27 as part of the annual report, and publish in its School Performance  
28 Fact Sheet, the completion rate for each program. Except as  
29 provided in subdivision (b), the completion rate shall be calculated  
30 by dividing the number of graduates by the number of students  
31 available for graduation.

32 (b) In lieu of calculating graduation data pursuant to subdivision  
33 (a), an institution may report graduation data reported to, and  
34 calculated by, the Integrated Postsecondary Education Data System  
35 of the United States Department of Education.

36 SEC. 66. Section 94929.5 of the Education Code is amended  
37 to read:

38 94929.5. (a) An institution shall annually report to the board,  
39 as part of the annual report, and shall publish in its School  
40 Performance Fact Sheet, all of the following:

1 (1) The job placement rate, calculated by dividing the number  
2 of graduates employed in the field by the number of graduates  
3 available for employment for each program that is either (1)  
4 designed, or advertised, to lead to a particular career, or (2)  
5 advertised or promoted with any claim regarding job placement.

6 (2) The license examination passage rates for the immediately  
7 preceding two years for programs leading to employment for which  
8 passage of a state licensing examination is required, calculated by  
9 dividing the number of graduates who pass the examination by the  
10 number of graduates who take the licensing examination the first  
11 time that the examination is available after completion of the  
12 educational program. The institution shall use state agency  
13 licensing data to calculate license examination passage rates. If  
14 those data are unavailable, the institution shall calculate the license  
15 examination passage rate in a manner consistent with regulations  
16 adopted by the board.

17 (3) Salary and wage information, consisting of the total number  
18 of graduates employed in the field and the annual wages or salaries  
19 of those graduates stated in increments of five thousand dollars  
20 (\$5,000).

21 (4) If applicable, the most recent official three-year cohort  
22 default rate reported by the United States Department of Education  
23 for the institution and the percentage of enrolled students receiving  
24 federal student loans.

25 (b) Nothing in this section shall limit the board's authority to  
26 collect information from an institution to comply with this section  
27 and ensure, by regulation and other lawful means, that the  
28 information required by this section, and the manner in which it  
29 is collected and reported, is all of the following:

30 (1) Useful to students.

31 (2) Useful to policymakers.

32 (3) Based upon the most credible and verifiable data available.

33 (4) Does not impose undue compliance burdens on an institution.

34 SEC. 67. Section 94929.7 of the Education Code is amended  
35 to read:

36 94929.7. (a) The information used to substantiate the rates  
37 and information calculated pursuant to Sections 94929 and 94929.5  
38 shall do both of the following:

39 (1) Be documented and maintained by the institution for five  
40 years from the date of the publication of the rates and information.

1 (2) Be retained in an electronic format and made available to  
2 the board upon request.

3 (b) An institution shall provide a list of employment positions  
4 used to determine the number of graduates employed in the field  
5 for purposes of calculating job placement rates pursuant to this  
6 article.

7 (c) The board shall identify the specific information that an  
8 institution is required to document and maintain to substantiate  
9 rates and information pursuant to this section.

10 SEC. 68. Section 94929.8 of the Education Code is amended  
11 to read:

12 94929.8. (a) The board shall establish, by regulation as  
13 specified in Section 94877, a uniform method for institutions to  
14 obtain statistically valid, current, and representative data to comply  
15 with this article.

16 (b) A violation of the regulations adopted pursuant to  
17 subdivision (a) is a material violation of this chapter.

18 SEC. 69. Section 94929.9 is added to the Education Code, to  
19 read:

20 94929.9. (a) The board shall report to the Legislature, on or  
21 before October 1, 2015, on whether data reporting and disclosure  
22 requirements under the act may be appropriately consolidated with  
23 reporting required by other regulatory bodies, including, but not  
24 limited to, the United States Department of Education, the Student  
25 Aid Commission, or accrediting agencies. It is the intent of the  
26 Legislature that the same or similar data as is required to be  
27 reported to the board pursuant to this article shall be reported to  
28 students in a clear and conspicuous manner.

29 (b) (1) A report to be submitted to the Legislature pursuant to  
30 subdivision (a) shall be submitted in compliance with Section 9795  
31 of the Government Code.

32 (2) Pursuant to Section 10231.5 of the Government Code, this  
33 section is repealed January 1, 2019.

34 SEC. 70. Section 94930 of the Education Code is amended to  
35 read:

36 94930. (a) All fees collected pursuant to this article, including  
37 any interest on those fees, shall be deposited in the Private  
38 Postsecondary Education Administration Fund, and shall be  
39 available, upon appropriation by the Legislature, for expenditure  
40 by the board for the administration of this chapter.

(b) If the board determines by regulation that the adjustment of the fees established by this article is consistent with the intent of this chapter, the board may adjust the fees. However, the board shall not maintain a reserve balance in the Private Postsecondary Education Administration Fund in an amount that is greater than the amount necessary to fund six months of authorized operating expenses of the board in any fiscal year.

SEC. 71. Section 94930.5 of the Education Code is amended to read:

94930.5. Subject to Section 94930, an institution shall remit to the board for deposit in the Private Postsecondary Education Administration Fund the following fees, in accordance with the following schedule:

(a) The following fees shall be remitted by an institution submitting an application for an approval to operate, if applicable:

(1) Application fee for an approval to operate: five thousand dollars (\$5,000).

(2) Application fee for the approval to operate a new branch of the institution: three thousand dollars (\$3,000).

(3) Application fee for an approval to operate by means of accreditation: seven hundred fifty dollars (\$750).

(b) The following fees shall be remitted by an institution seeking a renewal of its approval to operate, if applicable:

(1) Renewal fee for the main campus of the institution: three thousand five hundred dollars (\$3,500).

(2) Renewal fee for a branch of the institution: three thousand dollars (\$3,000).

(3) Renewal fee for an institution that is approved to operate by means of accreditation: five hundred dollars (\$500).

(c) The following fees shall apply to an institution seeking authorization of a substantive change to its approval to operate, if applicable:

(1) Processing fee for authorization of a substantive change to an approval to operate: five hundred dollars (\$500).

(2) Processing fee in connection with a substantive change to an approval to operate by means of accreditation: two hundred fifty dollars (\$250).

(d) (1) In addition to any fees paid to the board pursuant to subdivisions (a) to (c), inclusive, each institution that is approved to operate pursuant to this chapter shall remit both of the following:

1 (A) An annual institutional fee, in an amount equal to  
2 three-quarters of 1 percent of the institution's annual revenues  
3 derived from students in California, but not exceeding a total of  
4 twenty-five thousand dollars (\$25,000) annually.

5 (B) An annual branch fee of one thousand dollars (\$1,000) for  
6 each branch or campus of the institution operating in California.

7 (2) The amount of the annual fees pursuant to paragraph (1)  
8 shall be proportional to the board's cost of regulating the institution  
9 under this chapter.

10 SEC. 72. Section 94931.5 of the Education Code is amended  
11 to read:

12 94931.5. (a) The board may propose modifications to the fee  
13 schedule in Section 94930.5 to the Governor and the Legislature  
14 to add or delete categories of fees related to work performed by  
15 the board and propose to the Governor and the Legislature the  
16 maximum amount to be charged for each fee category added to  
17 the fee schedule. The fee schedule shall provide adequate resources  
18 for the board to effectively implement this chapter.

19 (b) The board shall annually publish a schedule of the current  
20 fees to be charged pursuant to this article and shall make this  
21 schedule available to the public.

22 SEC. 73. Section 94932 of the Education Code is amended to  
23 read:

24 94932. The board shall determine an institution's compliance  
25 with the requirements of this chapter. The board shall have the  
26 power to require reports that institutions shall file with the board  
27 in addition to the annual report, to send staff to an institution's  
28 sites, and to require documents and responses from an institution  
29 to monitor compliance. When the board has reason to believe that  
30 an institution may be out of compliance, it shall conduct an  
31 investigation of the institution. If the board determines, after  
32 completing an investigation, that an institution has violated any  
33 applicable law or regulation, the board shall take appropriate action  
34 pursuant to this article.

35 SEC. 74. Section 94932.5 of the Education Code is amended  
36 to read:

37 94932.5. (a) As part of its compliance program, the board shall  
38 perform announced and unannounced inspections of institutions  
39 at least every five years.

(b) On or before January 1, 2016, the board shall adopt regulations setting forth policies and practices to ensure that student protections are the highest priority of inspections and that inspections are conducted based on risk and potential harm to students. The regulations shall also set forth policies and practices for providing notice to students enrolled at an institution of the results of each inspection of the institution.

SEC. 75. Section 94933 of the Education Code is amended to read:

94933. The board shall provide an institution with the opportunity to remedy noncompliance, impose fines, place the institution on probation, or suspend or revoke the institution's approval to operate, in accordance with this article, as it deems appropriate based on the severity of an institution's violations of this chapter, and the harm caused to students.

SEC. 76. Section 94933.5 of the Education Code is amended to read:

94933.5. As much as is practicable, the board shall seek to resolve instances of noncompliance, including the use of alternative dispute resolution procedures in Article 5 (commencing with Section 11420.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 77. Section 94934 of the Education Code is amended to read:

94934. (a) As part of the compliance program, an institution shall submit an annual report to the board, under penalty of perjury, signed by a responsible corporate officer, by July 1 of each year, or another date designated by the board, and it shall include the following information for educational programs offered in the reporting period:

(1) The total number of students enrolled by level of degree or for a diploma.

(2) The number of degrees, by level, and diplomas awarded.

(3) The degree levels and diplomas offered.

(4) The Student Performance Fact Sheet, as required pursuant to Section 94910.

(5) The school catalog, as required pursuant to Section 94909.

(6) The total charges for each educational program by period of attendance.



1 (7) A statement indicating whether the institution is, or is not,  
2 current in remitting Student Tuition Recovery Fund assessments.

3 (8) A statement indicating whether an accrediting agency has  
4 taken any final disciplinary action against the institution.

5 (9) Additional information deemed by the board to be reasonably  
6 required to ascertain compliance with this chapter.

7 (b) The board shall prescribe the annual report's format and  
8 method of delivery.

9 SEC. 78. Section 94935 of the Education Code is amended to  
10 read:

11 94935. (a) Board staff who, during an inspection of an  
12 institution, detect a violation of this chapter, or regulations adopted  
13 pursuant to this chapter, that is a minor violation as determined by  
14 the board, pursuant to regulations, shall issue a notice to comply  
15 before leaving the institution. The board shall establish a voluntary  
16 informal appeal process, by regulation, within one year of the  
17 enactment of this chapter.

18 (b) An institution that receives a notice to comply shall have no  
19 more than 30 days from the date of inspection to remedy the  
20 noncompliance.

21 (c) Upon achieving compliance, the institution shall sign and  
22 return the notice to comply to the board.

23 (d) A single notice to comply shall be issued listing separately  
24 all the minor violations cited during the inspection.

25 (e) A notice to comply shall not be issued for any minor  
26 violation that is corrected immediately in the presence of the board  
27 staff. Immediate compliance may be noted in the inspection report,  
28 but the institution shall not be subject to any further action by the  
29 board.

30 (f) A notice to comply shall be the only means the board shall  
31 use to cite a minor violation discovered during an inspection. The  
32 board shall not take any other enforcement action specified in this  
33 chapter against an institution that has received a notice to comply  
34 if the institution remedies the violation within 30 days from the  
35 date of the inspection.

36 (g) If an institution that receives a notice to comply pursuant to  
37 subdivision (a) disagrees with one or more of the alleged minor  
38 violations listed in the notice to comply, an institution shall send  
39 the board a written notice of disagreement. The agency may take

1 administrative enforcement action to seek compliance with the  
2 requirements of the notice to comply.

3 (h) If an institution fails to comply with a notice to comply  
4 within the prescribed time, the board shall take appropriate  
5 administrative enforcement action.

6 SEC. 79. Section 94936 of the Education Code is amended to  
7 read:

8 94936. (a) As a consequence of an investigation, and upon a  
9 finding that the institution has committed a violation of this chapter  
10 or that the institution has failed to comply with a notice to comply  
11 pursuant to Section 94935, the board shall issue a citation to an  
12 institution for violation of this chapter, or regulations adopted  
13 pursuant to this chapter.

14 (b) The citation may contain either or both of the following:

15 (1) An order of abatement that may require an institution to  
16 demonstrate how future compliance with this chapter or regulations  
17 adopted pursuant to this chapter will be accomplished.

18 (2) Notwithstanding Section 125.9 of the Business and  
19 Professions Code, an administrative fine not to exceed five  
20 thousand dollars (\$5,000) for each violation. The board shall base  
21 its assessment of the administrative fine on:

22 (A) The nature and seriousness of the violation.

23 (B) The persistence of the violation.

24 (C) The good faith of the institution.

25 (D) The history of previous violations.

26 (E) The purposes of this chapter.

27 (F) The potential harm to students.

28 (c) (1) The citation shall be in writing and describe the nature  
29 of the violation and the specific provision of law or regulation that  
30 is alleged to have been violated.

31 (2) The citation shall inform the institution of its right to request  
32 a hearing in writing within 30 days from service of the citation.

33 (3) If a hearing is requested, the board shall select an informal  
34 hearing pursuant to Article 10 (commencing with Section  
35 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the  
36 Government Code or a formal hearing pursuant to Chapter 5  
37 (commencing with Section 11500) of Part 1 of Division 3 of Title  
38 2 of the Government Code.

1 (4) If a hearing is not requested, payment of the administrative  
2 fine is due 30 days from the date of service, and shall not constitute  
3 an admission of the violation charged.

4 (5) If a hearing is conducted and payment of an administrative  
5 fine is ordered, the administrative fine is due 30 days from when  
6 the final order is entered.

7 (6) The board may enforce the administrative fine as if it were  
8 a money judgment pursuant to Title 9 (commencing with Section  
9 680.010) of Part 2 of the Code of Civil Procedure.

10 (d) All administrative fines shall be deposited in the Private  
11 Postsecondary Education Administration Fund.

12 SEC. 80. Section 94937 of the Education Code is amended to  
13 read:

14 94937. (a) As a consequence of an investigation, and upon a  
15 finding that an institution has committed a violation, the board  
16 may place an institution on probation or may suspend or revoke  
17 an institution's approval to operate for:

18 (1) Obtaining an approval to operate by fraud.

19 (2) A material violation or repeated violations of this chapter  
20 or regulations adopted pursuant to this chapter that have resulted  
21 in harm to students. For purposes of this paragraph, "material  
22 violation" includes, but is not limited to, misrepresentation, fraud  
23 in the inducement of a contract, and false or misleading claims or  
24 advertising, upon which a student reasonably relied in executing  
25 an enrollment agreement and that resulted in harm to the student.

26 (b) The board shall adopt regulations governing probation and  
27 suspension of an approval to operate.

28 (c) The board may seek reimbursement pursuant to Section  
29 125.3 of the Business and Professions Code.

30 (d) An institution shall not be required to pay the cost of  
31 investigation to more than one agency.

32 SEC. 81. Section 94938 of the Education Code is amended to  
33 read:

34 94938. (a) If the board determines that it needs to make an  
35 emergency decision to protect students, prevent misrepresentation  
36 to the public, or prevent the loss of public funds or moneys paid  
37 by students, it may do so pursuant to Article 13 (commencing with  
38 Section 11460.10) of Chapter 4.5 of Part 1 of Division 3 of Title  
39 2 of the Government Code.

1 (b) The board shall adopt regulations to give this section effect  
2 pursuant to Section 11460.20 of the Government Code.

3 SEC. 82. Section 94939 of the Education Code is amended to  
4 read:

5 94939. (a) The board may bring an action for equitable relief  
6 for any violation of this chapter. The equitable relief may include  
7 restitution, a temporary restraining order, the appointment of a  
8 receiver, and a preliminary or permanent injunction. The action  
9 may be brought in the county in which the defendant resides or in  
10 which any violation has occurred or may occur.

11 (b) The remedies provided in this section supplement, and do  
12 not supplant, the remedies and penalties under other provisions of  
13 law.

14 SEC. 83. Section 94941 of the Education Code is amended to  
15 read:

16 94941. (a) An individual who has cause to believe that an  
17 institution has violated this chapter, or regulations adopted pursuant  
18 to this chapter, may file a complaint with the board against the  
19 institution. The complaint shall set forth the alleged violation, and  
20 shall contain any other information as may be required by the  
21 board.

22 (b) Taking into account the nature and seriousness of the alleged  
23 violation, the board shall take action to ascertain the facts and to  
24 verify the complaint. The action may include interviewing  
25 institution management, conducting an investigation, holding an  
26 informal hearing, or other appropriate investigative activity.

27 (c) Upon the facts discovered, the board shall take appropriate  
28 administrative enforcement action.

29 (d) If the board finds that an institution's violation of this chapter  
30 has caused damage or loss to a student or group of students, the  
31 board shall order the institution to provide appropriate restitution  
32 to that student or group of students.

33 (e) The board shall establish a timeline by which complaints  
34 filed pursuant to this section shall be processed and establish  
35 procedures to prioritize complaints as follows:

36 (1) "Urgent complaints" represent complaints regarding an  
37 immediate danger to the public health, safety, or welfare, and the  
38 board shall give these complaints the highest priority.

39 (2) "High-priority complaints" include complaints that could  
40 potentially pose a danger, but pose no immediate danger, to the

1 public health, safety, or welfare. The board shall give high-priority  
2 complaints less priority than urgent complaints but more priority  
3 than routine complaints.

4 (3) “Routine complaints” are complaints that do not pose any  
5 significant risk of harm to the public health, safety, or welfare.

6 SEC. 84. Section 94942 of the Education Code is amended to  
7 read:

8 94942. (a) The board shall establish a toll-free telephone  
9 number staffed by a board employee by which a student or a  
10 member of the public may file a complaint under this chapter.

11 (b) The board shall make a complaint form available on its  
12 Internet Web site. The board shall permit students and members  
13 of the public to file a complaint under this chapter through the  
14 board’s Internet Web site.

15 SEC. 85. Section 94943 of the Education Code is amended to  
16 read:

17 94943. The following violations of this chapter are public  
18 offenses:

19 (a) Knowingly operating a private postsecondary institution  
20 without an approval to operate is an infraction subject to the  
21 procedures described in Sections 19.6 and 19.7 of the Penal Code.

22 (b) Knowingly providing false information to the board on an  
23 application for an approval to operate is an infraction subject to  
24 the procedures described in Sections 19.6 and 19.7 of the Penal  
25 Code.

26 (c) Knowingly submitting, to the board, false information that  
27 is required to be reported pursuant to Article 16 (commencing with  
28 Section 94928) is an infraction subject to the procedures described  
29 in Sections 19.6 and 19.7 of the Penal Code.

30 SEC. 86. Section 94943.5 of the Education Code is amended  
31 to read:

32 94943.5. An institution shall designate and maintain an agent  
33 for service of process within this state, and provide the name,  
34 address, and telephone number of the agent to the board. The board  
35 shall furnish the agent’s name, address, and telephone number to  
36 a person upon request.

37 SEC. 87. Section 94944 of the Education Code is amended to  
38 read:

39 94944. Notwithstanding any other provision of law, the board  
40 shall cite any person, and that person shall be subject to a fine not

1 to exceed fifty thousand dollars (\$50,000), for operating an  
2 institution without proper approval to operate issued by the board  
3 pursuant to this chapter.

4 SEC. 88. Section 94944.5 of the Education Code is amended  
5 to read:

6 94944.5. Each institution subject to this chapter shall be deemed  
7 to have authorized its accrediting agency to provide the board, the  
8 Attorney General, any district attorney, city attorney, or the Student  
9 Aid Commission, within 30 days of written notice, copies of all  
10 documents and other material concerning the institution that are  
11 maintained by the accrediting agency.

12 SEC. 89. Section 94944.6 of the Education Code is amended  
13 to read:

14 94944.6. Within 30 days of receiving a written notice from the  
15 board, the Attorney General, district attorney, city attorney, or the  
16 Student Aid Commission pursuant to Section 94944.5, an  
17 accrediting agency shall provide the requesting entity with all  
18 documents or other material concerning an institution accredited  
19 by that agency that are designated specifically or by category in  
20 the written notice.

21 SEC. 90. Section 94945 of the Education Code is amended to  
22 read:

23 94945. (a) This chapter does not limit or preclude the  
24 enforcement of rights or remedies under any other applicable statute  
25 or law.

26 (b) This chapter does not limit or preclude the Attorney General,  
27 a district attorney, or a city attorney from taking any action  
28 otherwise authorized under any other applicable statute or law.

29 ~~(c) If the board has reason to believe that an institution's~~  
30 ~~noncompliance with the provisions of this chapter or any other~~  
31 ~~applicable law significantly transcends the interests of the~~  
32 ~~individual complainant, or the board has determined that the~~  
33 ~~complexity of the case requires additional expertise and resources,~~  
34 ~~the board shall contract with the Attorney General for investigative~~  
35 ~~and prosecutorial services.~~

36 *(c) If the board has reason to believe that an institution has*  
37 *engaged in a pattern or practice of violating the provisions of this*  
38 *chapter or any other applicable law that involves multiple students*  
39 *or other claimants, the board shall contract with the Attorney*  
40 *General for investigative and prosecutorial services, as necessary.*

1 SEC. 91. Section 94948 of the Education Code is amended to  
2 read:

3 94948. In addition to any other reporting requirements under  
4 this chapter, the board shall provide regular updates to the  
5 Legislature by participating in annual oversight hearings conducted  
6 by the appropriate policy committees and budget subcommittees  
7 of the Senate and Assembly. The updates shall describe the board's  
8 progress in adopting and enforcing regulations and the provisions  
9 of this chapter.

10 SEC. 92. Section 94949 of the Education Code is repealed.

11 SEC. 93. Section 94949 is added to the Education Code, to  
12 read:

13 94949. (a) The board shall provide to the Legislature a copy  
14 of an independent review of its staffing resources, along with an  
15 overview of how the board intends to ensure its staff are  
16 sufficiently qualified for purposes of implementing the provisions  
17 of this chapter, the estimated costs of meeting staffing and other  
18 requirements to implement this chapter, and the estimated fee  
19 revenue generated by the fee structure as outlined in Section  
20 94930.5, as of January 1, 2015, within 30 days of the completion  
21 of the independent review, but no later than March 15, 2015.

22 (b) *The overview pursuant to subdivision (a) shall also include*  
23 *an examination of the annual fee structure, including whether the*  
24 *total fees paid by an institution should be subject to a maximum*  
25 *and whether there are more equitable ways to assess annual fees*  
26 *to an institution.*

27 ~~(b)~~

28 (c) (1) A report to be submitted pursuant to subdivision (a)  
29 shall be submitted in compliance with Section 9795 of the  
30 Government Code.

31 (2) Pursuant to Section 10231.5 of the Government Code, this  
32 section is repealed on January 1, 2019.

33 SEC. 94. Section 94950 of the Education Code is amended to  
34 read:

35 94950. This chapter shall remain in effect only until January  
36 1, 2017, and as of that date is repealed, unless a later enacted  
37 statute, that is enacted before January 1, 2017, deletes or extends  
38 that date.

39 SEC. 95. No reimbursement is required by this act pursuant to  
40 Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school  
2 district will be incurred because this act creates a new crime or  
3 infraction, eliminates a crime or infraction, or changes the penalty  
4 for a crime or infraction, within the meaning of Section 17556 of  
5 the Government Code, or changes the definition of a crime within  
6 the meaning of Section 6 of Article XIII B of the California  
7 Constitution.

O